

AMENDED IN SENATE MAY 6, 2009
AMENDED IN SENATE APRIL 22, 2009
AMENDED IN SENATE APRIL 13, 2009

SENATE BILL

No. 109

Introduced by Senator Calderon

January 28, 2009

An act to amend Sections 1812.601 and 1812.607 of the Civil Code, relating to auctioneers.

LEGISLATIVE COUNSEL'S DIGEST

SB 109, as amended, Calderon. Auctioneers: real estate.

(1) Existing law regulates the activities of auctioneers and auction companies and requires that they maintain a bond issued by a surety company admitted in this state or an equivalent deposit. Existing law defines auction in this regard and excepts from this definition a sale of real estate or a sale of real estate with personal property or fixtures or both in a unified sale, as specified. Existing law requires auctioneers and auction companies to post or distribute to the audience the terms, conditions, restrictions, and procedures under which goods will be sold at the auction. A violation of certain of these provisions is punishable by specified fines, and a violation of these provisions generally is a misdemeanor.

This bill would remove the exception provided for real estate from the definition of auction for the purposes described above, thereby bringing real property auctions within those provisions, *with specified exceptions*. The bill would require an auction company and auctioneer to post or distribute to the audience a description of all fees, both refundable and nonrefundable, that will be levied on bidders, as well

as any changes to those fees. With respect to auctions of real property auctioned with reserve, the bill would require an auction company and auctioneer to post or distribute to the audience a clear explanation of the terms “auctioned with reserve” and “sale subject to seller confirmation, approval, or acceptance,” and the procedures and timelines to be used in connection with sales that are subject to these requirements. A violation of these provisions would be subject to specified fines. The bill would require, for auctions of real property auctioned subject to seller confirmation, approval, or acceptance, that an auction company and auctioneer return deposits and fees within 2 working days after the high bidder’s offer is rejected, or within 15 working days after the high bidder’s offer is made and the seller fails to respond to the offer. By changing the definition of a crime, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1812.601 of the Civil Code is amended
2 to read:
3 1812.601. (a) “Advertisement” means any of the following:
4 (1) Any written or printed communication for the purpose of
5 soliciting, describing, or offering to act as an auctioneer or provide
6 auction company services, including any brochure, pamphlet,
7 newspaper, periodical, or publication.
8 (2) A telephone or other directory listing caused or permitted
9 by an auctioneer or auction company to be published that indicates
10 the offer to practice auctioneering or auction company services.
11 (3) A radio, television, or similar airwave transmission that
12 solicits or offers the practice of auctioneering or auction company
13 services.
14 (b) “Auction” means a sale transaction conducted by means of
15 oral or written exchanges, which include exchanges made in person
16 or through electronic media, between an auctioneer and the

1 members of his or her audience, which exchanges consist of a
2 series of invitations for offers for the purchase of goods made by
3 the auctioneer and offers to purchase made by members of the
4 audience and culminate in the acceptance by the auctioneer of the
5 highest or most favorable offer made by a member of the
6 participating audience. However, auction does not include any of
7 the following:

8 (1) A wholesale motor vehicle auction subject to regulation by
9 the Department of Motor Vehicles.

10 (2) A sale of real property pursuant to a nonjudicial foreclosure
11 governed by Article 1 (commencing with Section 2920) of Chapter
12 2 of Title 14 of Part 4.

13 ~~(3) A unified sale pursuant to subparagraph (B) of paragraph~~
14 ~~(1) of subdivision (a) of Section 9604 of the Commercial Code.~~

15 (3) *A sale of real property pursuant to a judicial foreclosure*
16 *governed by Article 6 (commencing with Section 701.510) of*
17 *Chapter 3 of Division 2 of Title 9 of Part 2 of the Code of Civil*
18 *Procedure.*

19 (4) *A sale conducted pursuant to Section 9604 of the*
20 *Commercial Code, if an obligation secured by a security interest*
21 *in personal property or fixtures is also secured by an interest or*
22 *an estate in real property.*

23 (c) “Auction company” means any person who arranges,
24 manages, sponsors, advertises, accounts for the proceeds of, or
25 carries out auction sales at locations, including, but not limited to,
26 any fixed location, including an auction barn, gallery place of
27 business, sale barn, sale yard, sale pavilion, and the contiguous
28 surroundings of each.

29 (d) “Auctioneer” means any individual who is engaged in, or
30 who by advertising or otherwise holds himself or herself out as
31 being available to engage in, the calling for, the recognition of,
32 and the acceptance of, offers for the purchase of goods at an
33 auction.

34 (e) “Employee” means an individual who works for an employer,
35 is listed on the employer’s payroll records, and is under the
36 employer’s control.

37 (f) “Employer” means a person who employs an individual for
38 wages or salary, lists the individual on the person’s payroll records,
39 and withholds legally required deductions and contributions.

1 (g) “Goods” means any goods, wares, chattels, merchandise, or
2 other personal property, including domestic animals and farm
3 products, or real property.

4 (h) “Person” means an individual, corporation, partnership,
5 trust, including a business trust, firm, association, organization, or
6 any other form of business enterprise.

7 SEC. 2. Section 1812.607 of the Civil Code is amended to
8 read:

9 1812.607. Every auction company and auctioneer shall do all
10 of the following:

11 (a) Disclose his or her name, trade or business name, telephone
12 number, and bond number in all advertising of auctions. A first
13 violation of this subdivision is an infraction subject to a fine of
14 fifty dollars (\$50); a second violation is subject to a fine of
15 seventy-five dollars (\$75); and a third or subsequent violation is
16 subject to a fine of one hundred dollars (\$100). This section shall
17 not apply to business cards, business stationery, or to any
18 advertisement that does not specify an auction date.

19 (b) Post a sign, the dimensions of which shall be at least 18
20 inches by 24 inches, at the main entrance to each auction, stating
21 that the auction is being conducted in compliance with Section
22 2328 of the Commercial Code, Section 535 of the Penal Code, and
23 the provisions of the California Civil Code. A first violation of
24 this subdivision is an infraction subject to a fine of fifty dollars
25 (\$50); a second violation is subject to a fine of seventy-five dollars
26 (\$75); and a third or subsequent violation is subject to a fine of
27 one hundred dollars (\$100).

28 (c) (1) Post or distribute to the audience the terms, conditions,
29 restrictions, and procedures whereby goods will be sold at the
30 auction, and a description of all fees, both refundable and
31 nonrefundable, that will be levied as a condition of bidding, and
32 announce any changes to those terms, conditions, restrictions,
33 procedures, and fees prior to the beginning of the auction sale.

34 (2) With respect to auctions of real property, during which one
35 or more properties will be auctioned with reserve, post or distribute
36 to the audience a clear explanation of the terms “auctioned with
37 reserve” and “sale subject to seller confirmation, approval, or
38 acceptance,” and the procedures and timelines to be used in
39 connection with sales that are subject to these requirements.

1 (3) A first violation of this subdivision is an infraction subject
2 to a fine of fifty dollars (\$50); a second violation is subject to a
3 fine of one hundred dollars (\$100); and a third or subsequent
4 violation is subject to a fine of two hundred fifty dollars (\$250).

5 (d) Notify the Secretary of State of any change in address of
6 record within 30 days of the change. A violation of this subdivision
7 is an infraction subject to a fine of fifty dollars (\$50).

8 (e) Notify the Secretary of State of any change in the officers
9 of a corporate license within 30 days of the change. A violation
10 of this subdivision is an infraction subject to a fine of fifty dollars
11 (\$50).

12 (f) Notify the Secretary of State of any change in the business
13 or trade name of the auctioneer or auction company within 30 days
14 of the change. A violation of this subdivision is an infraction
15 subject to a fine of fifty dollars (\$50).

16 (g) Keep and maintain, at the auctioneer's or auction company's
17 address of record, complete and correct records and accounts
18 pertaining to the auctioneer's or auction company's activity for a
19 period of not less than two years. The records shall include the
20 name and address of the owner or consignor and of any buyer of
21 goods at any auction sale engaged in or conducted by the auctioneer
22 or auction company, a description of the goods, the terms and
23 conditions of the acceptance and sale of the goods, all written
24 contracts with owners and consignors, and accounts of all moneys
25 received and paid out, whether on the auctioneer's or auction
26 company's own behalf or as agent, as a result of those activities.
27 A first violation of this subdivision is a misdemeanor subject to a
28 fine of five hundred dollars (\$500); and a second or subsequent
29 violation is subject to a fine of one thousand dollars (\$1,000).

30 (h) Within 30 working days after the sale transaction, provide,
31 or cause to be provided, an account to the owner or consignor of
32 all goods that are the subject of an auction engaged in or conducted
33 by the auctioneer or auction company. A first violation of this
34 subdivision is a misdemeanor subject to a fine of five hundred
35 dollars (\$500); and a second or subsequent violation is subject to
36 a fine of one thousand dollars (\$1,000).

37 (i) Within 30 working days after a sale transaction of goods,
38 pay or cause to be paid all moneys and proceeds due to the owner
39 or the consignor of all goods that were the subject of an auction
40 engaged in or conducted by the auctioneer or auction company,

1 unless delay is compelled by legal proceedings or the inability of
2 the auctioneer or auction company, through no fault of his or her
3 own, to transfer title to the goods or to comply with any provision
4 of this chapter, the Commercial Code, or the Code of Civil
5 Procedure, or with any other applicable provision of law. A first
6 violation of this subdivision is a misdemeanor subject to a fine of
7 one thousand dollars (\$1,000); a second violation is subject to a
8 fine of one thousand five hundred dollars (\$1,500); and a third or
9 subsequent violation is subject to a fine of two thousand dollars
10 (\$2,000).

11 (j) Maintain the funds of all owners, consignors, buyers, and
12 other clients and customers separate from his or her personal funds
13 and accounts. A violation of this subdivision is an infraction subject
14 to a fine of two hundred fifty dollars (\$250).

15 (k) Immediately prior to offering any item for sale, disclose to
16 the audience the existence and amount of any liens or other
17 encumbrances on the item, unless the item is sold as free and clear.
18 For the purposes of this subdivision, an item is “free and clear” if
19 all liens and encumbrances on the item are to be paid prior to the
20 transfer of title. A violation of this subdivision is an infraction
21 subject to a fine of two hundred fifty dollars (\$250) in addition to
22 the requirement that the buyer be refunded, upon demand, the
23 amount paid for any item that is the subject of the violation.

24 (l) (1) Within two working days after an auction sale, return
25 the blank check or deposit of each buyer who did not purchase
26 goods at the sale.

27 (2) After an auction sale of real property sold subject to seller
28 confirmation, approval, or acceptance, within two working days
29 after the high bidder’s offer is rejected, or within 15 working days
30 after the high bidder’s offer is made and the seller fails to respond
31 to the offer, return all deposits and fees collected from the bidder
32 in connection with the auction.

33 (3) A first violation of this subdivision is an infraction subject
34 to a fine of one hundred dollars (\$100); and a second or subsequent
35 violation is subject to a fine of two hundred fifty dollars (\$250).

36 (m) Within 30 working days of any auction sale, refund that
37 portion of the deposit of each buyer that exceeds the cost of the
38 goods purchased, unless delay is compelled by legal proceedings
39 or the inability of the auctioneer or auction company, through no
40 fault of his or her own, to transfer title to the goods or to comply

1 with any provision of this chapter, the Commercial Code, or the
2 Code of Civil Procedure, or with other applicable provisions of
3 law, or unless the buyer violated the terms of a written agreement
4 that he or she take possession of purchased goods within a specified
5 period of time. A first violation of this subdivision is an infraction
6 subject to a fine of one hundred dollars (\$100); and a second or
7 subsequent violation is subject to a fine of two hundred fifty dollars
8 (\$250).

9 SEC. 3. No reimbursement is required by this act pursuant to
10 Section 6 of Article XIII B of the California Constitution because
11 the only costs that may be incurred by a local agency or school
12 district will be incurred because this act creates a new crime or
13 infraction, eliminates a crime or infraction, or changes the penalty
14 for a crime or infraction, within the meaning of Section 17556 of
15 the Government Code, or changes the definition of a crime within
16 the meaning of Section 6 of Article XIII B of the California
17 Constitution.